

<i>SERFF Tracking Number:</i>	<i>WKLY-125696258</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Union Fidelity Life Insurance Company</i>	<i>State Tracking Number:</i>	<i>39407</i>
<i>Company Tracking Number:</i>	<i>UFLIC MS RI AR</i>		
<i>TOI:</i>	<i>MS02I Individual Medicare Supplement - Pre-Standardized</i>	<i>Sub-TOI:</i>	<i>MS02I.000 Medicare Supplement - Pre-Standardized</i>
<i>Product Name:</i>	<i>Union Fidelity Life Insurance Company Rate Increase for Prestandardized Medicare Supplement Plans</i>		
<i>Project Name/Number:</i>	<i>UFLIC MS RI AR/</i>		

## Filing at a Glance

Company: Union Fidelity Life Insurance Company

Product Name: Union Fidelity Life Insurance      SERFF Tr Num: WKLY-125696258      State: ArkansasLH

Company Rate Increase for Prestandardized  
Medicare Supplement Plans

TOI: MS02I Individual Medicare Supplement - Pre-Standardized      SERFF Status: Closed      State Tr Num: 39407

Sub-TOI: MS02I.000 Medicare Supplement - Pre-Standardized      Co Tr Num: UFLIC MS RI AR      State Status: Approved-Closed

Filing Type: Rate	Co Status:	Reviewer(s): Stephanie Fowler
	Author: Courtney Crocker	Disposition Date: 07/03/2008
	Date Submitted: 06/25/2008	Disposition Status: Approved

Implementation Date Requested:

Implementation Date:

State Filing Description:

## General Information

Project Name: UFLIC MS RI AR

Project Number:

Requested Filing Mode: Review & Approval

Explanation for Combination/Other:

Submission Type: New Submission

Overall Rate Impact: 10%

Filing Status Changed: 07/03/2008

State Status Changed: 07/03/2008

Corresponding Filing Tracking Number:

Filing Description:

Union Fidelity Life Insurance Company Rate Increase for Prestandardized Medicare Supplement Plans

Status of Filing in Domicile: Pending

Date Approved in Domicile:

Domicile Status Comments:

Market Type: Individual

Group Market Size:

Group Market Type:

Deemer Date:

Form Numbers: 1-8340, 1-8360, 110-370

SERFF Tracking Number: WKLY-125696258 State: Arkansas  
Filing Company: Union Fidelity Life Insurance Company State Tracking Number: 39407  
Company Tracking Number: UFLIC MS RI AR  
TOI: MS02I Individual Medicare Supplement - Pre- Sub-TOI: MS02I.000 Medicare Supplement - Pre-  
Standardized Standardized  
Product Name: Union Fidelity Life Insurance Company Rate Increase for Prestandardized Medicare Supplement Plans  
Project Name/Number: UFLIC MS RI AR/

Rate increase requested: 10%

Pending in Domicile state of Illinois

## Company and Contact

### Filing Contact Information

(This filing was made by a third party - WAI01)

Courtney Crocker, Compliance Analyst courtney.crocker@wakelyinc.com  
Wakely and Associates, Inc. (727) 584-8128 [Phone]  
Largo, FL 33773-1502 (727) 584-5613[FAX]

### Filing Company Information

Union Fidelity Life Insurance Company CoCode: 62596 State of Domicile: Illinois  
200 North Martingale Road Group Code: 350 Company Type:  
Schaumburg, IL 60173-2096 Group Name: State ID Number:  
(215) 542-4590 ext. [Phone] FEIN Number: 31-0252460  
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## Filing Fees

Fee Required? Yes  
Fee Amount: \$150.00  
Retaliatory? No  
Fee Explanation: Rate increase on 3 plans @ \$50 each  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Union Fidelity Life Insurance Company	\$150.00	06/25/2008	21086455

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Stephanie Fowler	07/03/2008	07/03/2008

SERFF Tracking Number: WKLY-125696258 State: Arkansas

Filing Company: Union Fidelity Life Insurance Company State Tracking Number: 39407

Company Tracking Number: UFLIC MS RI AR

TOI: MS021 Individual Medicare Supplement - Pre-Standardized Sub-TOI: MS021.000 Medicare Supplement - Pre-Standardized

Product Name: Union Fidelity Life Insurance Company Rate Increase for Prestandardized Medicare Supplement Plans

Project Name/Number: UFLIC MS RI AR/

## Disposition

Disposition Date: 07/03/2008

Implementation Date:

Status: Approved

Comment: We have approved the requested 10.0% rate increase to be implemented on or after July 1, 2008. This approval is subject to the following:

1. Increases will not be given more frequently than once in a twelve-month period.

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Union Fidelity Life Insurance Company	10.000%	\$1,027	9	\$10,269	10.000%	10.000%	10.000%

SERFF Tracking Number:	WKLY-125696258	State:	Arkansas
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Health - Actuarial Justification	Approved	No
Supporting Document	Authorization Letter	Approved	No
Rate	Actuarial Justification	Approved	No

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## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	SERFF
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	10.000%
<b>Effective Date of Last Rate Revision:</b>	04/01/2007
<b>Filing Method of Last Filing:</b>	SERFF

## Company Rate Information

<b>Company Name:</b>	<b>Overall % Indicated Change:</b>	<b>Overall % Rate Impact:</b>	<b>Written Premium Change for this Program:</b>	<b># of Policy Holders Affected for this Program:</b>	<b>Premium:</b>	<b>Maximum % Change (where required):</b>	<b>Minimum % Change (where required):</b>
Union Fidelity Life Insurance Company	10.000%	10.000%	\$1,027	9	\$10,269	10.000%	10.000%

SERFF Tracking Number: WKLY-125696258 State: Arkansas

Filing Company: Union Fidelity Life Insurance Company State Tracking Number: 39407

Company Tracking Number: UFLIC MS RI AR

TOI: MS021 Individual Medicare Supplement - Pre- Standardized Sub-TOI: MS021.000 Medicare Supplement - Pre- Standardized

Product Name: Union Fidelity Life Insurance Company Rate Increase for Prestandardized Medicare Supplement Plans

Project Name/Number: UFLIC MS RI AR/

## Rate/Rule Schedule

Review Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
Approved	Actuarial Justification	1-8360, 110-370, Revised 1-8340		Previous State Filing Number: 35012 Percent Rate Change Request: 10	Pre 2008 - UFLIC- AR.pdf

# UNION FIDELITY LIFE INSURANCE COMPANY

## Actuarial Justification for Medicare Supplement Rate Increase Pre-Standardized Medicare Supplement Plans

### 1. Purpose of Filing

This is a rate increase filing for existing Medicare Supplement forms. The purpose of this rate filing is to demonstrate that the anticipated loss ratio of these forms meet the minimum requirements of this state. This rate filing is not intended to be used for any other purpose.

### 2. Scope of Filing

This filing applies to all of the company's pre-standardized Medicare Supplement business. These forms have similar benefits which supplement Medicare and are therefore being pooled. They will continue to be pooled for all future filings.

The Company is requesting an increase of 10.0% in the premium rates for these forms. Since this is a closed block of issue age business, this rate increase will apply to inforce business only. The number of policyholders, annualized premium inforce and average premium per policy for these forms as of 12/31/07 are as follows:

State	Policies Inforce	Annualized Premium	Average Premium
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CA	135	293,195 \$	2,172
CO	30	36,534 \$	1,218
DC	14	26,635 \$	1,903
DE	4	7,196 \$	1,799
FL	220	442,571 \$	2,012
GA	45	82,258 \$	1,828
HI	3	5,895 \$	1,965
IA	40	67,310 \$	1,683
ID	23	56,663 \$	2,464
IL	83	175,850 \$	2,119
IN	145	145,356 \$	1,002
KS	2	1,875 \$	938
KY	90	206,874 \$	2,299
LA	26	77,238 \$	2,971
MA	3	1,713 \$	571
MD	28	60,073 \$	2,145
ME	3	4,230 \$	1,410
MI	36	104,976 \$	2,916
MN	11	3,762 \$	342
MO	88	185,830 \$	2,112
MS	33	71,296 \$	2,160
MT	7	10,096 \$	1,442
NC	156	393,648 \$	2,523
ND	9	13,585 \$	1,509
NE	19	52,411 \$	2,758
NH	1	1,321 \$	1,321
NJ	79	150,974 \$	1,911
NM	17	49,736 \$	2,926
NV	9	21,714 \$	2,413
OH	66	186,987 \$	2,833
OK	26	61,359 \$	2,360
OR	23	46,907 \$	2,039
PA	153	222,023 \$	1,451



# UNION FIDELITY LIFE INSURANCE COMPANY

## Actuarial Justification for Medicare Supplement Rate Increase Pre-Standardized Medicare Supplement Plans

State	Policies Inforce	Annualized Premium	Average Premium
SC	29	70,589 \$	2,434
SD	13	32,641 \$	2,511
TN	41	85,999 \$	2,098
TX	89	208,854 \$	2,347
UT	14	20,899 \$	1,493
VA	127	172,883 \$	1,361
VT	2	2,772 \$	1,386
WA	51	90,273 \$	1,770
WI	2	3,255 \$	1,628
WV	67	197,339 \$	2,945
WY	2	8,073 \$	4,037
Nationwide:	2,122	4,279,823 \$	2,017

### 3. Reason for Rate Increase Request

The Company is requesting an increase of 10.0% in premiums to account for adverse experience, medical provider reimbursement rate increases, utilization changes, medical cost shifting, and new medical procedures and technology.

The average nationwide effective date for implementation of this increase has been assumed to be 7/1/2008 for projection purposes. The actual date which the new rates become effective for this state will not be sooner than one year after the implementation date of the last approved rate increase.

### 4. Rate Increase History

The most recent average nationwide rate increases are as follows:

Calendar Year	Percent Increase	Effective Date	Calendar Year	Percent Increase	Effective Date
1997	9.9%	1/1/1997	2002	10.7%	10/1/2002
1998	14.0%	5/1/1998	2003	7.2%	10/1/2003
1999	12.1%	7/1/1999	2004	6.3%	10/1/2004
2000	11.2%	10/1/2000	2006	7.8%	4/1/2006
2001	15.0%	10/1/2001	2007	8.0%	7/1/2007

### 5. Rate Justification Standard - Minimum Loss Ratios

This filing demonstrates that, after implementation of the requested increase, the projected future loss ratio for these forms are higher than the required minimum loss ratio.

Type of Coverage:	Pre-Standardized Medicare Supplement
Renewal Clause:	Guaranteed Renewable
Minimum Required Loss Ratio:	60%

# UNION FIDELITY LIFE INSURANCE COMPANY

## Actuarial Justification for Medicare Supplement Rate Increase Pre-Standardized Medicare Supplement Plans

### 6. Projection Assumptions

- a. Interest - A 5.0% effective annual rate of interest has been assumed for accumulating historical experience and for discounting projected future experience to present values.
- b. Persistency - An annual termination rate of 20.0% has been assumed for projecting the inforce into the future.
- c. Claim Cost Trend - An annual claim cost trend of 11.18% has been assumed as the overall claim cost trend. It is comprised of a 2.0% aging component and a medical trend component of 9.0%.
- d. Rate Increase - For purposes of calculating the anticipated lifetime loss ratio, a rate increase of 10.0% effective 7/1/2008 has been assumed. Thereafter, annual rate increases of 9.0% have been assumed in order to keep pace with medical trend.

### 7. Historical Experience

Historical nationwide experience has been provided for these forms by the Company. Nationwide historical experience since inception is as follows:

Year	Paid Claims by Year Incurred	Remaining Claim Reserve	Incurred Claims	Earned Premium	Loss Ratio
1984 & Prior	94,879,734	0	94,879,734	169,081,058	56.1%
1985	44,283,943	0	44,283,943	84,214,475	52.6%
1986	49,056,124	0	49,056,124	81,829,329	59.9%
1987	49,562,357	0	49,562,357	78,483,772	63.1%
1988	43,944,805	0	43,944,805	68,123,102	64.5%
1989	31,938,837	0	31,938,837	53,361,512	59.9%
1990	31,999,609	0	31,999,609	48,968,215	65.3%
1991	28,958,125	0	28,958,125	44,428,139	65.2%
1992	25,134,184	0	25,134,184	39,243,284	64.0%
1993	22,852,049	0	22,852,049	33,975,701	67.3%
1994	20,404,470	0	20,404,470	29,429,356	69.3%
1995	17,663,098	0	17,663,098	25,156,547	70.2%
1996	15,870,640	0	15,870,640	21,023,903	75.5%
1997	13,839,735	0	13,839,735	17,791,379	77.8%
1998	12,711,285	0	12,711,285	15,017,793	84.6%
1999	10,846,077	0	10,846,077	13,312,830	81.5%
2000	8,997,105	0	8,997,105	11,670,300	77.1%
2001	7,576,101	0	7,576,101	10,374,284	73.0%
2002	6,636,079	0	6,636,079	9,397,197	70.6%
2003	5,674,899	0	5,674,899	8,455,905	67.1%
2004	5,313,086	0	5,313,086	7,376,491	72.0%
2005	5,044,523	29	5,044,552	6,426,307	78.5%
2006	4,280,827	2,436	4,283,263	5,342,723	80.2%
2007	3,163,964	518,179	3,682,143	4,490,674	82.0%
Total	560,631,654	520,644	561,152,298	886,974,275	63.3%
	Accumulated at 5.0%		1,353,746,283	2,195,860,766	61.6%

# UNION FIDELITY LIFE INSURANCE COMPANY

## Actuarial Justification for Medicare Supplement Rate Increase Pre-Standardized Medicare Supplement Plans

### 8. Current Loss Ratio at 12/31/07

Historical experience for the most recent calendar year has been restated at 12/31/07 premium and claim levels for purposes of projecting experience loss ratios beyond 12/31/07.

Year	Historical Earned Premium	Current Rate Level Factor*	Current Earned Premium	Historical Incurred Claims	Claim Trend Factor**	Current Incurred Claims	Current Loss Ratio
2006	5,342,723	1.078	5,759,455	4,283,263	1.118	4,788,688	83.1%
2007	4,490,674	1.040	4,670,301	3,682,143	1.059	3,900,292	83.5%
Total	9,833,397		10,429,756	7,965,406		8,688,980	83.3%

\*Adjusts for average nationwide rate increases previously approved.

\*\*\*Applies a claim cost trend of 11.18% from the midpoint of the period to 12/31/07.

### 9. Projected Future Experience

Future nationwide experience has been projected for 20 years using the current loss ratio at 12/31/07, annualized premium inforce at 12/31/07, and the rate increase and persistency assumptions as follows:

Year	Persistency Factor*	Projected Earned Premium w/o Increase	Current Loss Ratio Factor**	Projected Incurred Claims	Rate Increase Factor***	Projected Earned Premium with Increase	Projected Loss Ratio
12/31/07 Values -->		4,279,823	83.5%				
2008	0.894	3,827,990	88.1%	3,370,826	1.058	4,051,289	83.2%
2009	0.716	3,062,392	97.9%	2,998,148	1.158	3,545,484	84.6%
2010	0.572	2,449,914	108.8%	2,666,672	1.262	3,091,662	86.3%
2011	0.458	1,959,931	121.0%	2,371,845	1.376	2,695,930	88.0%
2012	0.366	1,567,945	134.5%	2,109,614	1.499	2,350,851	89.7%
2013	0.293	1,254,356	149.6%	1,876,375	1.634	2,049,942	91.5%
2014	0.234	1,003,485	166.3%	1,668,923	1.781	1,787,549	93.4%
2015	0.188	802,788	184.9%	1,484,407	1.942	1,558,743	95.2%
2016	0.150	642,230	205.6%	1,320,291	2.116	1,359,224	97.1%
2017	0.120	513,784	228.6%	1,174,319	2.307	1,185,243	99.1%
2018	0.096	411,027	254.1%	1,044,487	2.515	1,033,532	101.1%
2019	0.077	328,822	282.5%	929,008	2.741	901,240	103.1%
2020	0.061	263,057	314.1%	826,297	2.987	785,881	105.1%
2021	0.049	210,446	349.2%	734,942	3.256	685,288	107.2%
2022	0.039	168,357	388.3%	653,687	3.549	597,572	109.4%
2023	0.031	134,685	431.7%	581,415	3.869	521,082	111.6%
2024	0.025	107,748	479.9%	517,134	4.217	454,384	113.8%
2025	0.020	86,199	533.6%	459,959	4.597	396,223	116.1%
2026	0.016	68,959	593.3%	409,106	5.010	345,506	118.4%
2027	0.013	55,167	659.6%	363,876	5.461	301,281	120.8%
Total				27,561,330		29,697,907	92.8%
		Discounted at 5.0%		10,137,236		10,923,082	92.8%

\* Applies a 20.0% annual termination rate from 12/31/07 to the midpoint of the period.

\*\* Applies the current loss ratio, projected using an annual trend factor of 11.18%.

\*\*\* Applies a rate increase of 10.0% effective 7/1/2008 with annual increases of 9.0% on 7/1 for each year thereafter.

# UNION FIDELITY LIFE INSURANCE COMPANY

## Actuarial Justification for Medicare Supplement Rate Increase Pre-Standardized Medicare Supplement Plans

### 10. Lifetime Anticipated Loss Ratio

The lifetime anticipated loss ratio is defined as the present value of the historical and projected future incurred claims divided by the present value of the historical and projected future earned premiums. The active life reserve is not included in this calculation. These values, previously calculated, are summarized below.

	PV at 5.0%		
	Earned Premium	Incurred Claims	Incurred Loss Ratio
Historical	2,195,860,766	1,353,746,283	61.6%
Projected Future	10,923,082	10,137,236	92.8%
Lifetime	2,206,783,848	1,363,883,518	61.8%

The above demonstrates that both the anticipated future loss ratio and the lifetime anticipated loss ratio are in compliance with minimum loss ratio requirements after implementation of the 10.0% rate increase.

### 11. Actuarial Certification

To the best of my knowledge and judgment, the following items are true with respect to this filing: the assumptions present my best judgment as to the expected value for each assumption and are consistent with the issuer's business plan at the time of the filing; the anticipated lifetime loss ratio, future loss ratios, and third year loss ratio all exceed the applicable ratio; the filed rates maintain the proper relationship between policies which had different rating methodologies; and the filing was prepared based on the current standards of practice as promulgated by the Actuarial Standards Board. This filing is in compliance with applicable laws and regulations in your state. The benefits are reasonable in relationship to the rates.

Respectfully Submitted,



William M. Reynolds, FSA, MAAA  
Consulting Actuary  
Wakely and Associates, Inc.  
Largo, Florida

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## Supporting Document Schedules

**Review Status:**  
**Satisfied -Name:** Health - Actuarial Justification Approved 07/03/2008  
**Comments:**  
Actuarial Justification  
**Attachment:**  
Pre 2008 - UFLIC- AR.pdf

**Review Status:**  
**Satisfied -Name:** Authorization Letter Approved 07/03/2008  
**Comments:**  
Authorization Letter  
**Attachment:**  
UFLIC Authorization 012308.pdf

# UNION FIDELITY LIFE INSURANCE COMPANY

## Actuarial Justification for Medicare Supplement Rate Increase Pre-Standardized Medicare Supplement Plans

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### 3. Reason for Rate Increase Request

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The average nationwide effective date for implementation of this increase has been assumed to be 7/1/2008 for projection purposes. The actual date which the new rates become effective for this state will not be sooner than one year after the implementation date of the last approved rate increase.

### 4. Rate Increase History

The most recent average nationwide rate increases are as follows:

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2000	11.2%	10/1/2000	2006	7.8%	4/1/2006
2001	15.0%	10/1/2001	2007	8.0%	7/1/2007

### 5. Rate Justification Standard - Minimum Loss Ratios

This filing demonstrates that, after implementation of the requested increase, the projected future loss ratio for these forms are higher than the required minimum loss ratio.

Type of Coverage:	Pre-Standardized Medicare Supplement
Renewal Clause:	Guaranteed Renewable
Minimum Required Loss Ratio:	60%

# UNION FIDELITY LIFE INSURANCE COMPANY

## Actuarial Justification for Medicare Supplement Rate Increase Pre-Standardized Medicare Supplement Plans

### 6. Projection Assumptions

- a. Interest - A 5.0% effective annual rate of interest has been assumed for accumulating historical experience and for discounting projected future experience to present values.
- b. Persistency - An annual termination rate of 20.0% has been assumed for projecting the inforce into the future.
- c. Claim Cost Trend - An annual claim cost trend of 11.18% has been assumed as the overall claim cost trend. It is comprised of a 2.0% aging component and a medical trend component of 9.0%.
- d. Rate Increase - For purposes of calculating the anticipated lifetime loss ratio, a rate increase of 10.0% effective 7/1/2008 has been assumed. Thereafter, annual rate increases of 9.0% have been assumed in order to keep pace with medical trend.

### 7. Historical Experience

Historical nationwide experience has been provided for these forms by the Company. Nationwide historical experience since inception is as follows:

Year	Paid Claims by Year Incurred	Remaining Claim Reserve	Incurred Claims	Earned Premium	Loss Ratio
1984 & Prior	94,879,734	0	94,879,734	169,081,058	56.1%
1985	44,283,943	0	44,283,943	84,214,475	52.6%
1986	49,056,124	0	49,056,124	81,829,329	59.9%
1987	49,562,357	0	49,562,357	78,483,772	63.1%
1988	43,944,805	0	43,944,805	68,123,102	64.5%
1989	31,938,837	0	31,938,837	53,361,512	59.9%
1990	31,999,609	0	31,999,609	48,968,215	65.3%
1991	28,958,125	0	28,958,125	44,428,139	65.2%
1992	25,134,184	0	25,134,184	39,243,284	64.0%
1993	22,852,049	0	22,852,049	33,975,701	67.3%
1994	20,404,470	0	20,404,470	29,429,356	69.3%
1995	17,663,098	0	17,663,098	25,156,547	70.2%
1996	15,870,640	0	15,870,640	21,023,903	75.5%
1997	13,839,735	0	13,839,735	17,791,379	77.8%
1998	12,711,285	0	12,711,285	15,017,793	84.6%
1999	10,846,077	0	10,846,077	13,312,830	81.5%
2000	8,997,105	0	8,997,105	11,670,300	77.1%
2001	7,576,101	0	7,576,101	10,374,284	73.0%
2002	6,636,079	0	6,636,079	9,397,197	70.6%
2003	5,674,899	0	5,674,899	8,455,905	67.1%
2004	5,313,086	0	5,313,086	7,376,491	72.0%
2005	5,044,523	29	5,044,552	6,426,307	78.5%
2006	4,280,827	2,436	4,283,263	5,342,723	80.2%
2007	3,163,964	518,179	3,682,143	4,490,674	82.0%
Total	560,631,654	520,644	561,152,298	886,974,275	63.3%
	Accumulated at 5.0%		1,353,746,283	2,195,860,766	61.6%



# UNION FIDELITY LIFE INSURANCE COMPANY

## Actuarial Justification for Medicare Supplement Rate Increase Pre-Standardized Medicare Supplement Plans

### 8. Current Loss Ratio at 12/31/07

Historical experience for the most recent calendar year has been restated at 12/31/07 premium and claim levels for purposes of projecting experience loss ratios beyond 12/31/07.

Year	Historical Earned Premium	Current Rate Level Factor*	Current Earned Premium	Historical Incurred Claims	Claim Trend Factor**	Current Incurred Claims	Current Loss Ratio
2006	5,342,723	1.078	5,759,455	4,283,263	1.118	4,788,688	83.1%
2007	4,490,674	1.040	4,670,301	3,682,143	1.059	3,900,292	83.5%
Total	9,833,397		10,429,756	7,965,406		8,688,980	83.3%

\*Adjusts for average nationwide rate increases previously approved.

\*\*\*Applies a claim cost trend of 11.18% from the midpoint of the period to 12/31/07.

### 9. Projected Future Experience

Future nationwide experience has been projected for 20 years using the current loss ratio at 12/31/07, annualized premium inforce at 12/31/07, and the rate increase and persistency assumptions as follows:

Year	Persistency Factor*	Projected Earned Premium w/o Increase	Current Loss Ratio Factor**	Projected Incurred Claims	Rate Increase Factor***	Projected Earned Premium with Increase	Projected Loss Ratio
12/31/07 Values -->		4,279,823	83.5%				
2008	0.894	3,827,990	88.1%	3,370,826	1.058	4,051,289	83.2%
2009	0.716	3,062,392	97.9%	2,998,148	1.158	3,545,484	84.6%
2010	0.572	2,449,914	108.8%	2,666,672	1.262	3,091,662	86.3%
2011	0.458	1,959,931	121.0%	2,371,845	1.376	2,695,930	88.0%
2012	0.366	1,567,945	134.5%	2,109,614	1.499	2,350,851	89.7%
2013	0.293	1,254,356	149.6%	1,876,375	1.634	2,049,942	91.5%
2014	0.234	1,003,485	166.3%	1,668,923	1.781	1,787,549	93.4%
2015	0.188	802,788	184.9%	1,484,407	1.942	1,558,743	95.2%
2016	0.150	642,230	205.6%	1,320,291	2.116	1,359,224	97.1%
2017	0.120	513,784	228.6%	1,174,319	2.307	1,185,243	99.1%
2018	0.096	411,027	254.1%	1,044,487	2.515	1,033,532	101.1%
2019	0.077	328,822	282.5%	929,008	2.741	901,240	103.1%
2020	0.061	263,057	314.1%	826,297	2.987	785,881	105.1%
2021	0.049	210,446	349.2%	734,942	3.256	685,288	107.2%
2022	0.039	168,357	388.3%	653,687	3.549	597,572	109.4%
2023	0.031	134,685	431.7%	581,415	3.869	521,082	111.6%
2024	0.025	107,748	479.9%	517,134	4.217	454,384	113.8%
2025	0.020	86,199	533.6%	459,959	4.597	396,223	116.1%
2026	0.016	68,959	593.3%	409,106	5.010	345,506	118.4%
2027	0.013	55,167	659.6%	363,876	5.461	301,281	120.8%
Total				27,561,330		29,697,907	92.8%
		Discounted at 5.0%		10,137,236		10,923,082	92.8%

\* Applies a 20.0% annual termination rate from 12/31/07 to the midpoint of the period.

\*\* Applies the current loss ratio, projected using an annual trend factor of 11.18%.

\*\*\* Applies a rate increase of 10.0% effective 7/1/2008 with annual increases of 9.0% on 7/1 for each year thereafter.

# UNION FIDELITY LIFE INSURANCE COMPANY

## Actuarial Justification for Medicare Supplement Rate Increase Pre-Standardized Medicare Supplement Plans

### 10. Lifetime Anticipated Loss Ratio

The lifetime anticipated loss ratio is defined as the present value of the historical and projected future incurred claims divided by the present value of the historical and projected future earned premiums. The active life reserve is not included in this calculation. These values, previously calculated, are summarized below.

	PV at 5.0%		
	Earned Premium	Incurred Claims	Incurred Loss Ratio
Historical	2,195,860,766	1,353,746,283	61.6%
Projected Future	10,923,082	10,137,236	92.8%
Lifetime	2,206,783,848	1,363,883,518	61.8%

The above demonstrates that both the anticipated future loss ratio and the lifetime anticipated loss ratio are in compliance with minimum loss ratio requirements after implementation of the 10.0% rate increase.

### 11. Actuarial Certification

To the best of my knowledge and judgment, the following items are true with respect to this filing: the assumptions present my best judgment as to the expected value for each assumption and are consistent with the issuer's business plan at the time of the filing; the anticipated lifetime loss ratio, future loss ratios, and third year loss ratio all exceed the applicable ratio; the filed rates maintain the proper relationship between policies which had different rating methodologies; and the filing was prepared based on the current standards of practice as promulgated by the Actuarial Standards Board. This filing is in compliance with applicable laws and regulations in your state. The benefits are reasonable in relationship to the rates.

Respectfully Submitted,



William M. Reynolds, FSA, MAAA  
Consulting Actuary  
Wakely and Associates, Inc.  
Largo, Florida



*Union Fidelity Life Insurance Company*

Administrative Office  
500 Virginia Drive  
Fort Washington, PA 19034  
(215) 542-4593  
Fax 4598

To: **Insurance Commissioner**  
Re: **Authorization to Submit Policy Form & Rate Filings**

This memorandum will certify that the undersigned company(ies) have authorized and given Wakely and Associates, Inc. ("Wakely") full authority to submit to the states the attached amendments and materials related to our Medicare Supplement policies and/or rates. This authorization extends to all correspondence relating to the policies, including but not limited to objections and additional information in support of the submission.

Please direct all correspondence or other communications regarding this submission to Wakely using the contact information supplied in the attached letter.

If you have any questions about this authorization, you may contact me at:

Karen L. Fleming  
Union Fidelity Life Insurance Company  
500 Virginia Drive  
Fort Washington, PA. 19034  
(215) 542-4593

This authorization terminates on **December 31, 2009**.

This authorization is made on behalf of the following companies,  
**Union Fidelity Life Insurance Company**

By: Karen L. Fleming  
Karen L. Fleming  
Title: Associate General Counsel & Assistant Secretary  
Union Fidelity Life Insurance Company

Date: January 23, 2008